

ORANGE COUNTY ECONOMIC FORECAST

Orange County has a population of 3.1 million people. It is the third largest county in California, behind neighboring Los Angeles and San Diego counties, which have populations of 10.1 million and 3.2 million, respectively. There are almost 1.5 million wage and salary jobs located in Orange County. The per capita income is \$57,573, and the average salary per worker is \$66,197.

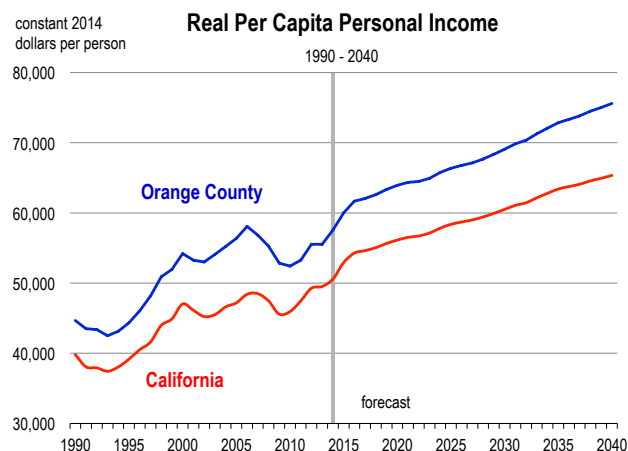
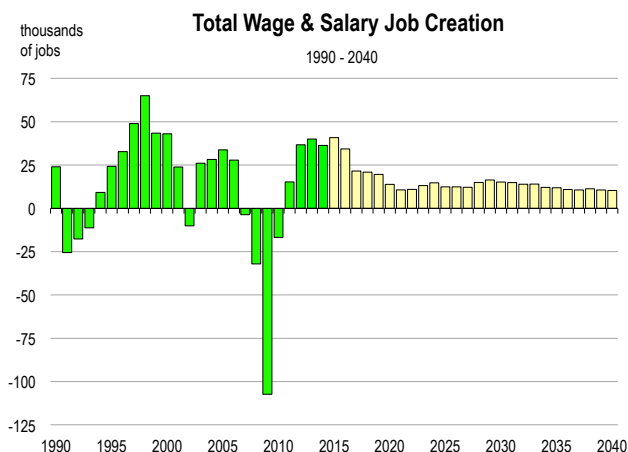
Across Southern California, employment increased by 2.6 percent in 2014. In Orange County, 36,300 jobs were gained, representing a growth rate of 2.5 percent. At the same time, the unemployment rate in Orange County improved from 6.5 percent in 2013 to 5.5 percent in 2014.

During 2014, the largest employment gains were observed in professional and business services (+8,500 jobs), education and healthcare (+6,100 jobs), leisure and hospitality (+5,700 jobs), and construction (+5,200 jobs). The only sectors with losses were transportation and utilities (-800 jobs) and information (-800 jobs).

Between 2009 and 2014, the Orange County population grew at an annual average rate of 0.9 percent. This growth was largely due to the natural increase (new births), as net migration was relatively low.

FORECAST HIGHLIGHTS

- In 2015, total wage and salary employment will increase by 2.7 percent. Between 2015 and 2020, employment growth is expected to average 1.4 percent per year.
- Average salaries are slightly below the California State average. Over the 2015-2020 period, average salaries in Orange County will increase by 0.6 percent per year.
- The professional services sector will remain the growth engine of the Orange County labor market, adding 25,000 jobs between 2015 and 2020. Other industries with strong growth will be health and education (+17,600 jobs), leisure and hospitality (+16,000 jobs), and construction (+14,000 jobs).
- Population growth will decelerate from current rates, averaging 1.0 percent over the next five years. Net migration will be strong, averaging 13,000 individuals each year, but the natural increase (new births) will be relatively low.
- Between 2015 and 2020, an average of 9,200 housing permits will be issued each year. Approximately 2,000 units will be constructed north of Lake Forrest, and about 14,000 homes will be built east of Laguna Niguel.

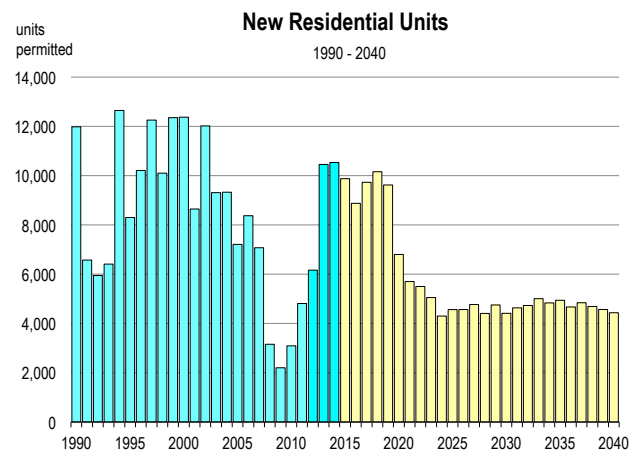
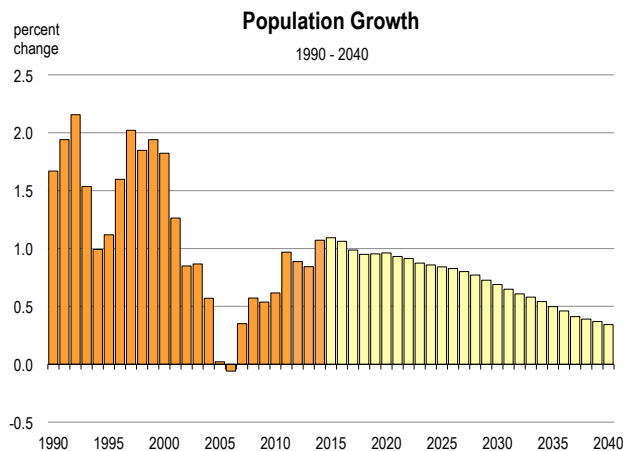


- Personal income per capita, adjusted for inflation, is expected to increase by 4.2 percent in 2015. Over the 2015-2020 period, income per capita will rise by an average of 1.3 percent per year.
- Total taxable sales, adjusted for inflation, will increase by 1.5 percent per year between 2015 and 2020.
- Industrial production will rise by 3.3 percent in 2015, and will grow at an average annual rate of 3.3 percent per year between 2015 and 2020.

Orange County Economic Forecast

2006-2014 History, 2015-2040 Forecast

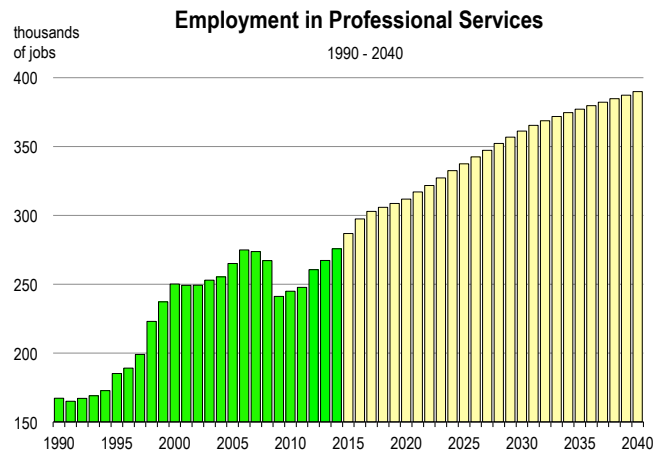
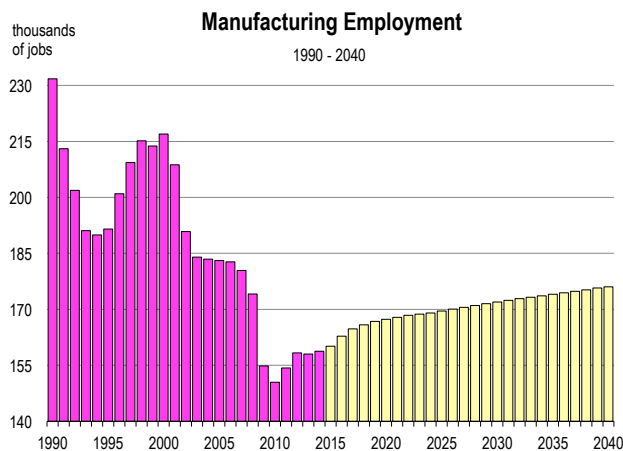
	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	2,955,433	-28,732	2.55	977.3	8,371	\$0.3	\$149.0	\$58,073	4.3	331.6	35.4	3.4
2007	2,965,823	-16,529	2.54	981.8	7,072	\$0.3	\$151.1	\$56,829	3.3	284.7	36.1	3.9
2008	2,982,788	-9,866	2.53	986.1	3,159	\$0.3	\$153.0	\$55,276	3.5	245.6	36.5	5.3
2009	2,998,816	-8,430	2.51	989.1	2,200	\$0.3	\$146.0	\$52,864	-0.8	208.6	34.0	8.9
2010	3,017,299	-4,134	2.52	990.1	3,091	\$0.4	\$147.4	\$52,414	1.2	161.4	33.0	9.7
2011	3,046,513	8,616	2.52	994.0	4,807	\$0.4	\$155.3	\$53,270	2.7	152.5	33.4	9.0
2012	3,073,540	6,986	2.54	996.0	6,163	\$0.4	\$166.6	\$55,540	2.0	139.6	34.9	7.9
2013	3,099,463	7,087	2.62	999.6	10,453	\$0.4	\$169.8	\$55,519	1.1	138.9	34.6	6.5
2014	3,132,681	13,999	2.67	1,006.0	10,533	\$0.4	\$180.4	\$57,573	1.3	139.8	35.2	5.5
2015	3,166,927	15,344	2.68	1,015.3	9,874	\$0.4	\$191.7	\$60,013	0.9	134.8	36.3	4.7
2016	3,200,568	14,606	2.71	1,024.2	8,874	\$0.4	\$205.0	\$61,663	3.0	131.0	37.6	4.1
2017	3,232,151	12,472	2.74	1,032.3	9,728	\$0.5	\$214.7	\$62,063	3.1	126.2	38.7	3.9
2018	3,262,841	11,505	2.77	1,041.2	10,157	\$0.5	\$224.9	\$62,606	2.9	121.6	39.9	3.9
2019	3,293,960	11,781	2.79	1,050.4	9,619	\$0.5	\$235.9	\$63,369	2.7	117.1	41.3	3.8
2020	3,325,646	12,242	2.82	1,059.2	6,800	\$0.5	\$246.9	\$63,924	2.8	111.7	42.7	3.8
2021	3,356,625	11,376	2.84	1,065.3	5,700	\$0.5	\$258.0	\$64,358	2.9	106.4	44.0	3.9
2022	3,387,279	10,967	2.86	1,070.5	5,500	\$0.5	\$268.8	\$64,503	3.0	101.8	45.4	3.8
2023	3,416,884	10,211	2.88	1,075.5	5,050	\$0.6	\$279.6	\$64,931	2.5	96.9	46.8	3.8
2024	3,446,200	9,859	2.90	1,080.1	4,300	\$0.6	\$292.4	\$65,775	2.4	91.8	48.1	3.8
2025	3,475,197	9,711	2.92	1,084.0	4,562	\$0.6	\$305.2	\$66,373	2.6	87.1	49.6	3.8
2026	3,503,931	9,770	2.94	1,088.2	4,565	\$0.6	\$317.8	\$66,771	2.7	82.4	51.1	3.8
2027	3,531,984	9,571	2.96	1,092.3	4,767	\$0.7	\$330.6	\$67,130	2.7	77.7	52.8	3.8
2028	3,559,207	9,264	2.98	1,096.7	4,407	\$0.7	\$344.1	\$67,672	2.5	72.9	54.6	3.8
2029	3,585,053	8,493	3.00	1,100.7	4,750	\$0.7	\$358.0	\$68,366	2.3	68.1	56.5	3.8
2030	3,609,756	7,837	3.01	1,105.0	4,412	\$0.7	\$372.2	\$69,090	2.2	63.3	58.5	3.8
2031	3,633,163	7,011	3.03	1,109.0	4,633	\$0.7	\$386.5	\$69,848	2.1	58.2	60.5	3.8
2032	3,655,259	6,132	3.05	1,113.2	4,729	\$0.7	\$400.7	\$70,370	2.3	53.3	62.6	3.8
2033	3,676,471	5,753	3.07	1,117.5	5,005	\$0.8	\$415.8	\$71,273	1.9	48.5	64.8	3.8
2034	3,696,390	5,273	3.09	1,122.1	4,833	\$0.8	\$431.4	\$72,071	2.1	43.8	67.0	3.8
2035	3,714,803	4,453	3.10	1,126.5	4,940	\$0.8	\$447.8	\$72,858	2.2	39.2	69.3	3.8
2036	3,731,916	3,684	3.12	1,131.0	4,669	\$0.8	\$464.5	\$73,356	2.6	34.7	71.7	3.8
2037	3,747,278	2,351	3.13	1,135.2	4,840	\$0.8	\$481.9	\$73,838	2.7	30.4	74.1	3.8
2038	3,761,906	2,250	3.14	1,139.6	4,689	\$0.8	\$500.2	\$74,507	2.5	26.1	76.7	3.8
2039	3,775,792	2,006	3.15	1,143.9	4,567	\$0.8	\$519.1	\$75,040	2.7	22.0	79.1	3.8
2040	3,788,749	1,328	3.17	1,148.1	4,435	\$0.8	\$538.3	\$75,622	2.6	18.0	81.5	3.8

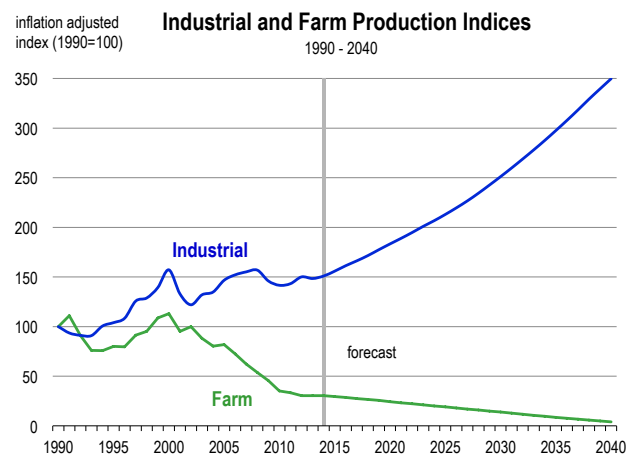
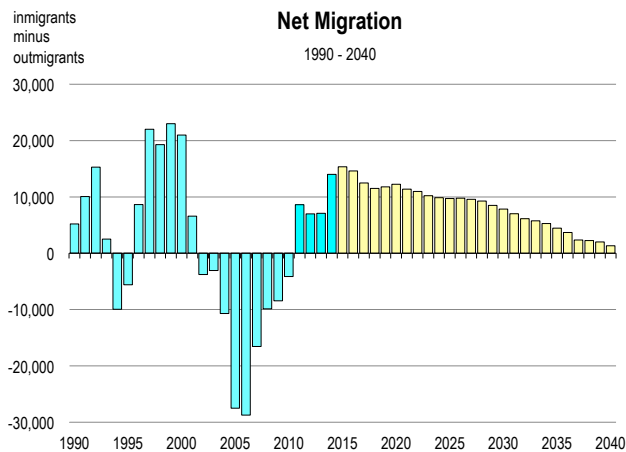
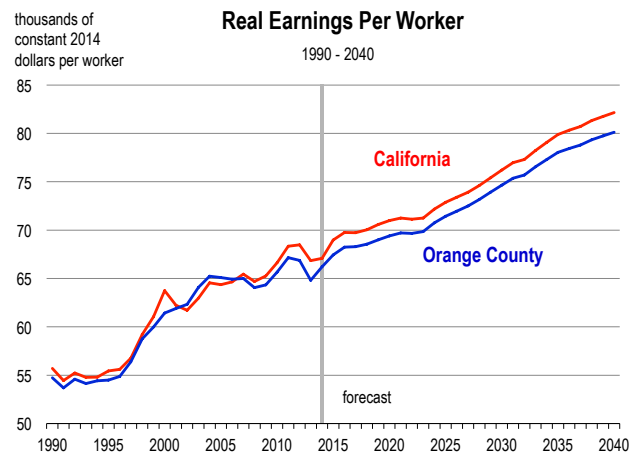
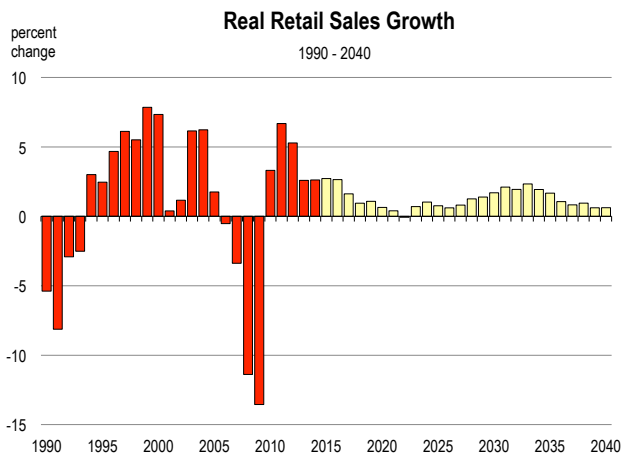


Orange County Employment Forecast

2006-2014 History, 2015-2040 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	employment (thousands of jobs)											
2006	1,530.4	5.33	106.6	182.7	28.2	244.8	138.3	274.9	31.9	143.1	169.6	156.7
2007	1,526.8	5.01	103.1	180.4	28.9	248.3	127.7	273.7	31.2	148.2	172.9	159.4
2008	1,494.6	4.64	91.2	174.1	29.3	242.8	113.1	267.2	30.1	157.9	176.4	160.8
2009	1,387.2	3.79	74.2	154.9	27.8	222.6	105.1	241.2	27.3	161.3	169.2	156.6
2010	1,370.4	3.73	68.0	150.5	26.7	219.1	103.5	244.9	24.8	165.5	168.6	152.3
2011	1,385.7	3.22	69.2	154.3	27.5	219.9	104.8	247.7	23.8	168.0	174.0	149.3
2012	1,422.4	2.80	71.3	158.3	28.0	221.2	108.3	260.6	24.3	173.8	180.6	147.9
2013	1,462.4	2.91	76.8	158.0	27.5	225.0	113.1	267.3	25.0	184.2	187.8	148.7
2014	1,498.7	2.78	82.0	158.8	26.6	230.4	114.1	275.8	24.2	190.3	193.5	151.9
2015	1,539.5	2.78	84.8	160.1	27.2	234.3	117.4	286.8	24.7	196.1	201.6	154.2
2016	1,573.8	2.77	87.8	162.8	27.6	237.7	117.1	297.4	25.6	200.3	207.7	156.1
2017	1,595.4	2.75	88.9	164.8	27.9	240.1	117.4	302.9	26.5	202.9	211.5	157.9
2018	1,616.3	2.73	92.8	165.9	28.2	241.6	119.7	305.9	27.2	206.6	214.1	159.2
2019	1,635.9	2.70	97.5	166.8	28.4	242.7	121.9	308.7	27.7	210.1	216.3	160.0
2020	1,649.7	2.67	98.8	167.3	28.5	243.2	123.1	311.9	28.2	213.7	217.5	161.1
2021	1,660.4	2.63	96.3	167.9	28.7	243.5	124.2	317.1	28.7	217.3	218.4	161.4
2022	1,671.3	2.59	94.8	168.4	28.8	243.1	126.0	321.7	29.1	221.0	218.7	161.8
2023	1,684.5	2.55	93.5	168.7	29.0	243.4	128.1	327.2	29.4	224.9	219.4	162.3
2024	1,699.2	2.51	92.2	169.0	29.1	244.0	129.6	332.5	29.8	228.1	222.6	162.9
2025	1,711.6	2.47	91.0	169.6	29.2	244.3	131.0	337.5	30.2	231.2	224.1	163.5
2026	1,724.0	2.43	90.0	170.1	29.3	244.6	132.7	342.5	30.6	234.2	225.3	164.1
2027	1,736.2	2.39	88.5	170.5	29.4	244.9	134.5	347.3	31.0	237.1	226.7	164.6
2028	1,751.1	2.35	88.6	171.0	29.4	245.7	136.5	352.3	31.4	240.1	228.4	165.2
2029	1,767.5	2.30	90.3	171.5	29.5	246.5	138.7	356.9	31.8	243.1	230.1	165.8
2030	1,782.7	2.26	91.2	172.0	29.6	247.6	140.4	361.3	32.2	246.3	231.9	166.4
2031	1,797.6	2.22	92.0	172.4	29.6	249.1	141.6	365.4	32.5	249.4	233.7	167.0
2032	1,811.5	2.18	93.3	172.9	29.7	250.4	142.8	368.8	32.9	252.5	235.3	167.6
2033	1,825.5	2.13	93.7	173.2	29.7	252.0	144.3	371.9	33.3	255.6	237.3	168.2
2034	1,837.6	2.09	93.0	173.6	29.8	253.3	145.8	374.7	33.7	258.7	239.2	168.7
2035	1,849.5	2.05	92.3	174.0	29.8	254.3	147.6	377.2	34.1	261.8	241.2	169.3
2036	1,860.4	2.01	91.5	174.4	29.8	254.9	149.4	379.7	34.5	264.9	242.7	169.9
2037	1,871.0	1.97	90.6	174.8	29.8	255.3	151.1	382.2	34.9	268.1	244.2	170.5
2038	1,882.3	1.93	89.9	175.2	29.9	255.8	152.8	384.8	35.3	271.2	246.0	171.1
2039	1,892.9	1.89	89.0	175.7	29.9	256.0	154.5	387.3	35.7	274.4	247.6	171.7
2040	1,903.2	1.85	87.9	176.0	29.9	256.2	156.1	389.9	36.1	277.5	249.2	172.3





County Economic and Demographic Indicators

Projected Economic Growth (2015-2020)

Expected retail sales growth:	7.1 %
Expected job growth:	7.2 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	11.9 %

Expected population growth:	5.0 %
Net migration to account for:	39.4 %
Expected growth in number of vehicles:	4.9 %

Demographics (2015)

Unemployment rate (March 2015):	4.4 %
County rank* in California (58 counties):	5th
Working age (16-64) population:	66.53 %

Population with B.A. or higher:	37.05 %
Median home selling price (2014):	\$585,000
Median household income:	\$72,856

Quality of Life

Violent crime rate (2013):	192 per 100,000 persons
County rank * in California (58 counties):	5th
Average commute time to work (2015):	29.12 minutes

High school drop out rate (2014):	7.5 %
Households at/below poverty line (2015):	9.12 %

* The county ranked 1st corresponds to the lowest rate in California